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UNAFFORDABLE HOUSING

Rising rents, low income, stagnant wages keep many from dream of home ownership

By **MARK STAYTON / Skagit Valley Herald**

Like many who quietly deal with homelessness, James McClure doesn't draw a lot of attention to himself.

A 70-year-old retired Navy veteran, McClure lives in the woods near Rockport in an old motorhome he bought for \$750 after losing his Oak Harbor home in a divorce in 2013.

He moves from campground to campground and visits upriver food banks, often bringing others along or delivering to homeless people even further "off the grid" than himself.

McClure said if he could afford to rent a house on his \$1,180 monthly income, he would, but an apartment building does not appeal to him.

"I don't want to live in an apartment. I got Asperger's (syndrome). I don't like people," McClure said.

Even if he wanted an apartment, it would be hard to find. Affordable housing is in short supply in Skagit County, keeping many people like McClure out of permanent homes and forcing far more to dedicate too much of their monthly income to housing.

A January 2015 U.S. Department of Housing and Urban Development report found that two of every five households in Skagit County, or 16,875 out of 43,713 households, cannot afford the housing they occupy, according to a housing interim strategy report submitted to the county in 2012.

Housing is generally considered affordable if 30 percent or less of a household's income is spent on housing and utilities. When housing costs more than 30 percent of monthly income, paying for it becomes unsustainable, leaving less for basic needs and expenses such as groceries, transportation and child care, said Paul Schissler, a Bellinghambased community development planner who produced the report.

Unsustainable housing costs also keep families from saving for unexpected expenses like medical emergencies or car repairs.

"It costs more to rent than it does to own a home here," said Bob Hicks, operations manager at the Skagit County Department of Public Health and Community Services. "People are never going to be able to build up enough (for a down payment) to buy a home, and you're stuck renting for the rest of your life."

Causes behind a lack of affordable housing are many. A lack of available rental units drives up prices, wages have not kept up with the cost of living and new construction of single-family and multifamily housing has not recovered to pre-recession levels.

Different agencies in Skagit County take a variety of approaches to help people find and keep roofs over their heads, but waiting lists for temporary or subsidized housing are generally far longer than available units.

The Housing Authority of Skagit County has about 1,700 families on its waiting list for federally subsidized Section 8 housing, said Housing Authority Executive Director Melanie Corey.

Patience is required. It takes four to eight years to get housing, depending on the type of applicant, Corey said.

The Housing Authority's vacancy rate is less than 2 percent among the 285 housing units the agency manages, she said.

"We simply do not have enough affordable housing available for the need," Corey said. "We simply do not have enough units to rent."

Getting people into housing they can afford has communitywide economic benefits. Cutting the percentage of a family's income that goes to rent is equivalent to a raise and can stimulate spending and family stability.

“If you have more disposable income, that’s going to help circulate more money in the economy and provide more opportunities to different sectors,” said Anneliese Vance-Sherman, labor economist for the state Employment Security Department. “Otherwise a lot of (money) is tied up in mortgages and rent.”

But the costs of renting and home ownership are rising here faster than wages.

U.S. Census Bureau data from 1990 shows that 30.6 percent of Skagit County renter households paid 30 percent or more of their gross income on rent. In 2012, that figure spiked to 57.7 percent of renting households here.

The problem is similar among homeowners. In 1990, 20.2 percent of homeowners spent more than 30 percent of their monthly income on mortgages. That grew to 39.7 percent in 2012.

The county is considering different ways to incorporate more affordable housing and other solutions to the housing problem in the 2016 comprehensive plan, but much work remains.

The scope of the problem

Skagit County currently needs about 17,000 units of affordable housing, according to Schissler’s report.

Another 4,550 units will be needed by 2025 to keep up with the growing population, meaning 1,800 affordable homes would have to be built every year to keep up with estimated need.

“It’s hard to imagine how we could produce that many homes per year,” Schissler said. “The capacity to build that is short by a whole magnitude or more. ... We don’t get 180 homes per year that apply.”

A 2013 community needs assessment performed by Community Action of Skagit County contacted 704 low-income households. Affordable housing and help with utilities was reported to be a high priority yet unavailable for survey takers. The inability to save for unexpected expenses was reported by 52 percent of respondents, their most common concern.

Annual point-in-time surveys completed by Community Action within the last four years have tallied around 1,000 people who are homeless at any given time.

Jodi Monroe, executive director of the Home Trust of Skagit, said the real problem reaches deeper than that.

“People are desperate; people are trying to survive,” Monroe said. “... (You don’t need to) open your National Geographic and see what homelessness looks like on the street of some other country. They’re people (here) wearing a suit, or a skirt, or cowboy boots and blue jeans.”

The housing shortage increases the cost of living because the limited supply pushes up prices, Corey said.

“It makes it difficult for people with limited means to find housing,” she said.

The Housing Authority plans to build a 14-unit complex for farmworker housing in Burlington by 2016 on land it owns. The price: about \$5 million, Corey said. But that won’t come close to meeting the current need.

Anacortes Housing Authority Director Tee McCallum said her organization provides 183 units, supported by Section 8, public housing and tax credit projects. The waiting list for housing through her organization is three to four years long.

“We could use another amount about that big,” McCallum said of her supply of housing. “We’re seeing a big need for one-bedroom occupancy rooms, especially for nonelderly and disabled people.”

The affordability gap

Affordable housing is measured as the percentage of a household’s income that goes toward paying for rent or a mortgage plus utilities. To make housing more affordable, incomes must rise or costs must fall.

Development planner Paul Schissler sees it as a gap, illustrating the difference in median wages for renters and what they would need to make in order for their housing costs to be sustainable.

The 2010 U.S. Census found 13,544 households in Skagit County rent or lease their homes — roughly one third of households here, Schissler’s report noted.

Among these rental households, the estimated average hourly wage was \$11.06 — \$23,005 annually based on a 40-hour week.

If a worker in a single-wageearner household makes the average wage among renters, rent plus utilities can't exceed \$575 a month to be affordable. Those making the minimum wage need even cheaper housing — \$470 a month with utilities.

Average rent in Skagit County for all apartment units was \$776 in September 2014, according to a rental housing survey by the University of Washington's Runstad Center of Real Estate Studies.

The Runstad Center said Skagit County lost 351 apartment units between the 5,379 listed in 2010 and 5,028 in 2014. Among the losses were 38 units in a fire at Cascade West apartments in Mount Vernon on July 1, 2014, that displaced about 200 people.

The vacancy rate for rental units in Skagit County stood at 0.3 percent in September 2014, the lowest in the state, the Runstad Center reported.

The 2015 HUD report found that construction of rental housing in Skagit County didn't keep pace with the increase in renter households between 2000 and 2009. In that decade, the renter housing market had 3,125 additional households competing for new 1,215 units.

Meanwhile, Skagit County's median hourly wage (where half make more and half make less) dropped, from \$19.33 in 2009 to \$18.99 in 2013, according to data from the state Employment Security Department.

"From 2009 to 2012, median wage declined a bit and has since pretty much stagnated," said Vance-Sherman. "We're not at the point we were, in inflation-adjusted dollars, that we were in 2009."

The HUD report noted that the inflation-adjusted median wage in Skagit County and Washington state has been stagnant since 2001. Median wages in the county increased at an average annual rate of 0.6 percent from 2001 to 2013 compared with 0.9 percent from 1990 to 2000.

Schissler studied the median wage for renters, which is generally lower than that of homeowners.

In 2010, a two-bedroom apartment cost \$920 a month on average, according to Schissler's report. To be affordable for a one-earner household, that person would need to make at least \$36,800 a year or \$17.70 an hour.

The difference between the average wage (\$11.06 per hour) and what is needed to afford a two-bedroom rental (\$17.70 per hour) is what Schissler refers to as an "affordability gap."

What is being done

In a quiet neighborhood in south Mount Vernon, a new fence surrounds a chunk of land with 11 plots recently prepared for sewer, plumbing and electrical. Within months, work on the first of 11 new homes dedicated for applicable low-income families will begin.

Home Trust of Skagit purchased the land, left over after a proposed housing development tanked, and contracted Skagit Habitat for Humanity to build the homes.

While the community owns the land, approved families will need to qualify for a \$100,000 mortgage for the homes, said Monroe, with Home Trust. A subsidy will make up the difference between that and the value of the \$160,000 homes. But payments won't be more than 30 percent of the household income, Monroe said.

Monroe said the Summerlynd development will provide a stable base for families now stressed and struggling to pay rent.

"It's a sense of security, of hope, of prosperity," Monroe said. "People that rent, you never know what the landlord is going to do. Even the best of landlords, you never know. There's a sense of freedom and pride that comes from owning your own home."

Monroe's organization is one of many in Skagit County working to alleviate the problem, but the need seems overwhelming.

Skagit Habitat for Humanity has built 28 single-family homes or duplexes since 1995, but that represents just a fraction of the need for affordable housing.

Policies for better

At a Feb. 17 workshop, 57 community members attended a public hearing in front of the Skagit County Planning Commission to brainstorm ways to address the affordable housing situation.

Ideas from the crowd included loosening policies on the conversion of older single-family homes to duplexes or triplexes, compiling an inventory of land available for multifamily housing and working cooperatively with cities to plan for more multifamily housing in urban areas, among many others.

Kirk Johnson, senior planner at Skagit County Planning and Development Services, said the planning commission will consider and discuss the comments and eventually make recommended changes to policy to the county commissioners during the 2016 Comprehensive Plan update.

He said many issues have been consistently brought up through regular updates, but will need to be evaluated to see what, if any, progress is being made.

“Are there policies that haven’t been addressed, or if they have, are we going backward on some?” Johnson said.

Planning Commissioner Keith Greenwood said the need for affordable housing may be growing, and it’s far from a local problem.

“The gap, maybe it’s getting wider, what people can afford. It’s not just countywide. It’s a problem across the country,” he said.



Scott Terrell / Skagit Valley Herald

A crowd of about 40 came to La Conner Jan. 10 to dedicate a new duplex home for two families. Skagit Habitat for Humanity, in partnership with Home Trust of Skagit, as they celebrated the completion of the first new home of 2015.

By the numbers

39.7

Percent of Skagit County homeowners who spent more than 30 percent of income on mortgages in 2012

57.7

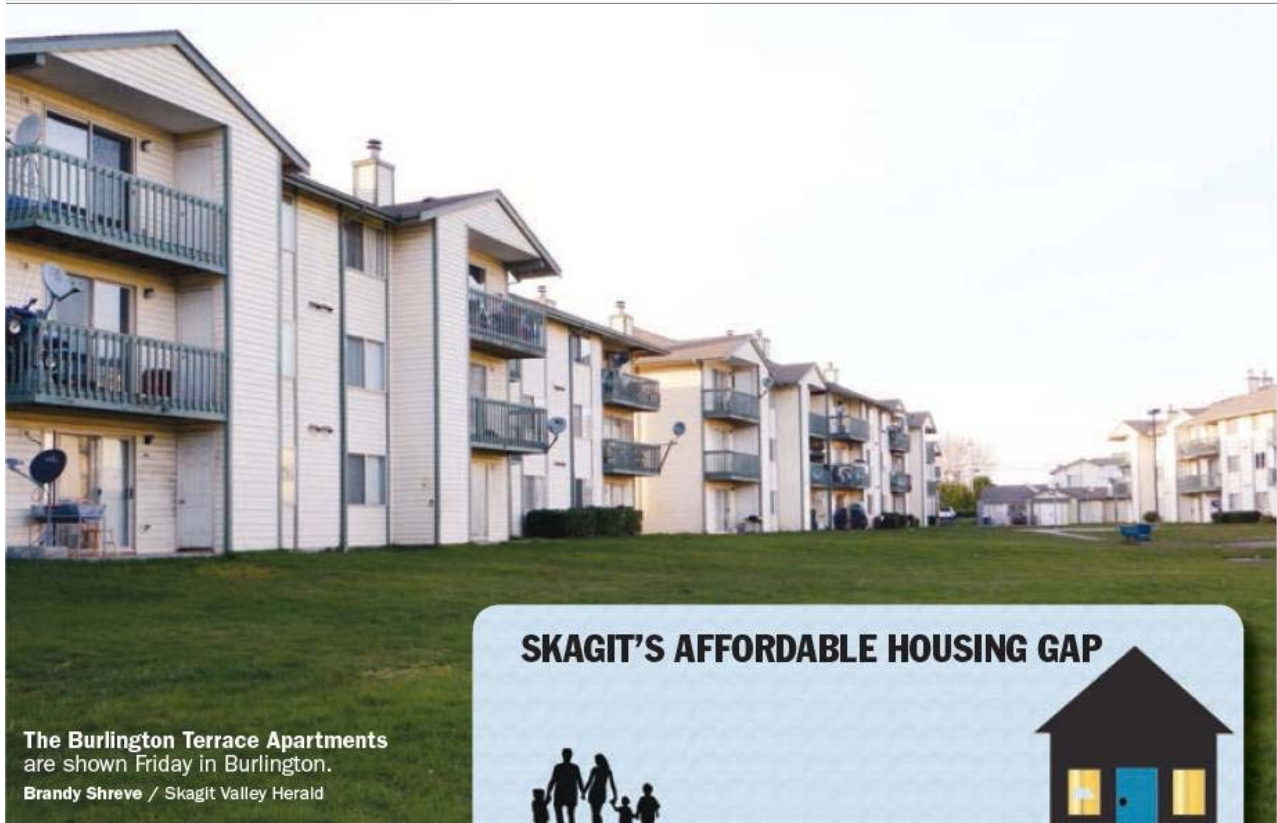
Percent of Skagit County renter households that spent 30 percent or more of income on rent in 2012

21,550

Estimated affordable housing units needed by 2025

■ U.S. Census Bureau data from 2012

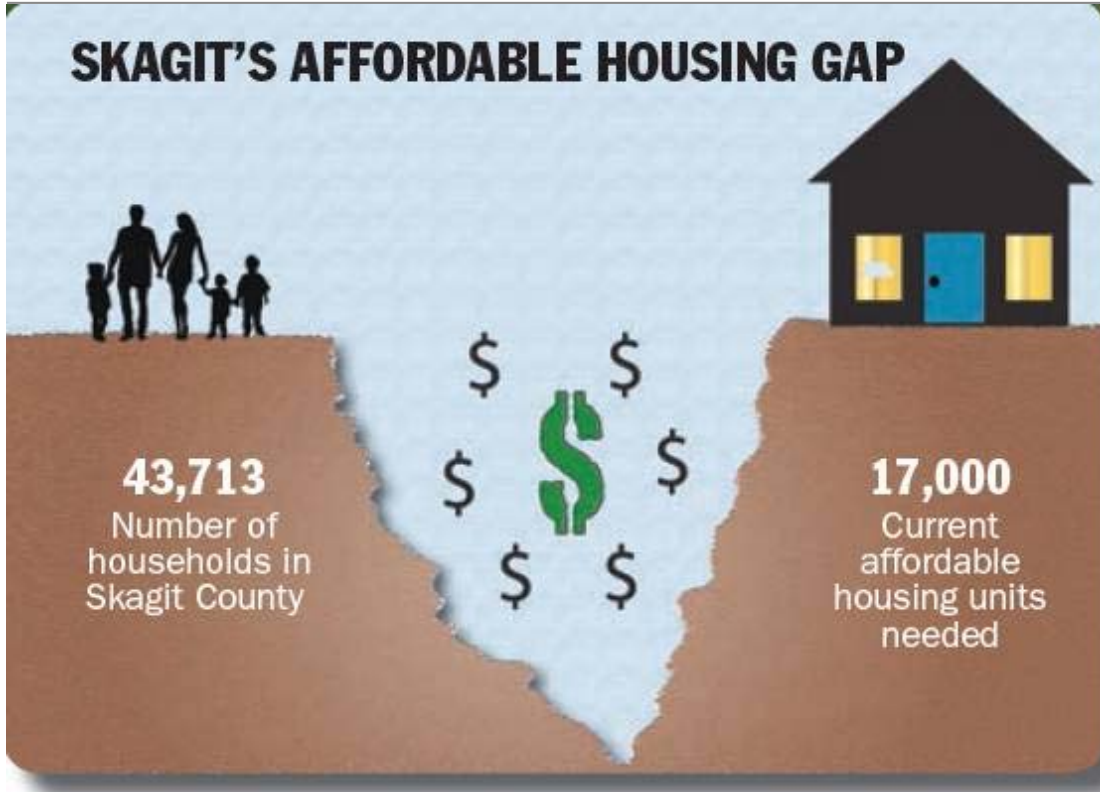
■ Building a Skagit County Housing Affordability Strategy, 2012



The Burlington Terrace Apartments are shown Friday in Burlington.
Brandy Shreve / Skagit Valley Herald

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